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SUBJECT: MONGOLIA'S KHENTII PROVINCE: ONE FOR THE ROAD

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SENSITIVE BUT UNCLASSIFIED - NOT FOR INTERNET DISTRIBUTION

¶1. (SBU) SUMMARY: Mongolia's eastern Khentii province, proud birthplace of Chinggis Khan, is developing rapidly, with new hotels and restaurants, plans to become a tourist destination, and a soon-to-be-completed road linking the provincial capital, Undurkhaan, with Ulaanbaatar. Electrification has reached all 17 of the province's counties, and Khentii's criminal justice system has made enormous progress in terms of infrastructure and information technology. However, Khentii faces serious challenges, including soaring prices, chronic unemployment, and crime rates that remain among the nation's highest. A lack of universities limits educational advancement, and Khentii has serious environmental problems. Civil society is weak, and NGO development is still embryonic. Churches report a wide degree of religious freedom. Of Mongolia's 21 provinces, Khentii is one of only two whose Governor belongs to the Democratic Party. Local relations between the Democrats and the nationally dominant Mongolian People's Revolutionary Party (MPRP) are as strained as elsewhere, but both agree that it is unclear which party, or parties, will win Khentii's three Parliament seats, up for grabs in the June 29 national elections. Econ/Pol Chief visited Undurkhaan on April 14 and 15. END SUMMARY.

¶2. (SBU) New homes, hotels and shops are springing up in the Khentii provincial capital of Undurkhaan, currently a five-hour drive east of Ulaanbaatar. The squat and sprawling home of 25,000 people and countless packs of roaming dogs, Undurkhaan has until recent years taken more than 20 hours to reach by car from Ulaanbaatar. But if the construction of a new road, financed with Japanese assistance, is completed as scheduled later this year, the trip will be cut to three and a half hours, likely bringing about an increase in trade, travel and other contacts between the two cities. On a April 14 and 15 visit to Undurkhaan by the Econ/Pol Chief and the Senior Pol Assistant, local officials and residents expressed optimism over Khentii's long-term development into a destination for domestic and international tourists. Khentii's outspoken Governor Jargal said the road to UB will be key. "If you want to get to Khovsgol province

(in northwestern Mongolia), you have to stay there a week. There's no way to make a brief trip there," because of inadequate roads and a lack of direct flight services. Khentii, Jargal said, is easily reached from Ulaanbaatar, and its appeal as the birthplace of the great Khan will draw large numbers of tourists, particularly Japanese and South Koreans. (Note: Khentii is home to Blue Lake, where Chinggis Khan was coronated, and Deluun Boldog, the alleged site of his birth. The Governor said UNESCO is planning to declare as a heritage site the Khentii county of Delgerkhaan, home to ruins of an ancient city. End Note.)

PROGRESS ON KEY ROAD, ELECTRIFICATION, WATER...

13. (SBU) The tourists might not be flooding in just yet, but Khentii's residents have clearly benefited from a number of recent developments, including partial completion of the UB-Undurkhaan road, electrification of the province, and improved access to fresh water. Khentii's political players are quick to claim the credit. Gov. Jargal, of the Democratic Party (DP), said work on the road has moved forward quickly during his governorship, while Jargal's predecessor, Erdenebaatar, of the Mongolian People's Revolutionary Party (MPRP), told us that "the MPRP initiated the road, which has brought great economic benefits to Khentii." The Chairman of Khentii's provincial assembly, Bayart-Od, who also serves as the DP's second highest official in Khentii, noted that until recently, the electricity needs of most the province's residents have been met only partially, with small diesel power stations typically providing power for two hours a day. In March, Bayart-Od said, the last of Khentii's 17 counties was linked to the central provincial power station, yielding 24/7 access to electricity. Former Gov. Erdenebaatar said Khentii residents are now enjoying access to high-quality fresh water delivered through pipes, rather than relying on less-healthy containerized water. He said that in an ambitious project started by the MPRP, underground water pipes were laid to neighborhood water points. Erdenebaatar also said that the proliferation of cell phones and relay points in recent years has dramatically improved telecommunications access in Khentii.

... BUT UNEMPLOYMENT, EDUCATION PROBLEMS REMAIN

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14. (SBU) However, Khentii and its estimated 75,000 residents continue to face a number of challenges, not least of all soaring prices for food (septel) and fuel, as well as unemployment. "More people in Khentii are doing better than before, but the success is not spread evenly across the board," said Coordinator Bat-Erdene of the USG-funded TAN project, which works with 14 Undurkhaan NGOs. He said unemployment is a major problem, especially among educated women. Khentii high-school graduates hoping to continue their education have to leave the province due to the absence of any colleges or universities. Two to three thousand Khentii residents attend university in Ulaanbaatar, according to Gov. Jargal. Jargal also criticized Mongolia's "vertical" education system. (Note: In accordance with the Public Administration and Finance Law, the salaries of schoolteachers in Khentii, as elsewhere, are paid by the central government. End Note.) Jargal said this system puts Khentii's education system under the control of authorities in UB, adding, "I have no idea how the schools in my province are run."

ENVIRONMENTAL WOES

15. (SBU) Like many other Mongolian provinces, Khentii faces considerable environmental difficulties. Desertification plagues some of the province's southern counties, and ongoing droughts are destroying pastures. (Note: Nevertheless, the number of livestock is increasing, and currently stands at 2.2 million. With more than 350 residents owning 1,000 or more head of cattle, Khentii has the highest concentration of major herders in eastern Mongolia. End Note.) Governor Jargal said Khentii's top development goal is to develop its agribusiness sector, adding that this effort has involved widespread planting of new crops of vegetables (garlic and cabbage, among others). He said Mongolia needs to reduce its

reliance on imported Chinese food, adding that Mongolians are paying \$770 million per year for Chinese food "of suspect quality." (Note: Drought conditions in Khentii, Selenge and Tuv provinces last year reduced Mongolia's domestic wheat production, forcing greater reliance on imports to meet demand. End Note.) Jargal said Khentii authorities are also eager to harness the province's mineral resources, including fluorspar, but that Khentii insists on environmentally friendly mining. (Note: According to provincial assembly Chairman Bayart-Od, most of the provincial government's revenues come from mining. Chinese workers constitute much of the workforce at Khentii's mines, although a few Russians also work at mines. In Galshar County, all of the miners are Chinese. End Note.) Gov. Jargal added that the central government has been "giving away Khentii land for oil exploration."

HIGH CRIME RATES

16. (SBU) Undurkhaan's chief justice, top prosecutor and senior-most court administrator noted on April 15 that Khentii continues to suffer from high rates of crime, including violent crime. Prosecutor Chibat, whose 12-prosecutor staff includes seven women, four currently on maternity leave, said three people were murdered in Undurkhaan last year, and that the suspects' legal proceedings are continuing. He added that Khentii's crime rate "is in the top tier nationwide," and higher than that in the neighboring provinces of Dornod or Sukhbaatar. Chief Justice Lkhagvadorj, Chibat and Administrator Ochir all agreed that the province's criminal-justice system has improved dramatically in recent years, thanks in large part to U.S. assistance through the USAID-supported Judicial Reform Project (JRP). JRP has resulted in the significant expansion of Undurkhaan's courthouse; realization of computer connectivity within the courthouse; and provision of other material support, including reference materials for judges. Consequently, said Ochir: "People have become more interested in working at the courthouse. The technical support we've received has made our working conditions better." The three officials said intimidation of judges and prosecutors occurs, but only rarely, sometimes taking the form of damage to vehicles or threats aimed at family members. They said that no crimes involving foreigners were processed over the past 12 months, and that no religion-related crimes had been reported over this period.

CIVIL SOCIETY WEAK

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17. (SBU) Bat-Erdene, the NGO coordinator, confirmed that civil society is weak and fractured in Khentii, as in many Mongolian provinces. "Khentii's NGOs are still in their infancy, still fighting the Mongolian tendency to be extremely self-reliant - a result of our nomadic heritage." Bat-Erdene, whose 14 partner NGOs include the Boy Scouts, Women For Social Progress, Supporting Children's Participation and a public broadcasters, said the fact that Khentii does not have any shelters for women and children victims of violence puts many at risk. He added that a lack of high-quality hospitals and clinics results in higher-than-average rates of maternal deaths during childbirth. Bat-Erdene said Undurkhaan does not have facilities in which children can spend their free time productively, so that many end up passing hours and computer game centers, "where some get addicted and many spend too much of their family's income."

RELIGIOUS FREEDOM

18. (SBU) According to two leaders of the evangelical Transformation Church of Khentii, who spoke with us on April 15, religious minorities in the province enjoy wide latitude in holding services and conducting public outreach. Pastor Otgonbaatar and Dutch missionary Hanny Key said Undurkhaan is home to four churches, and that although individual Mongolian Christians are occasionally pressured or threatened, often by non-Christian family members, there had been no religion-motivated violence directed at Christians in recent memory. Similarly, they said, Mongolian authorities did

not obstruct churches' activities, and even allowed the churches to broadcast over the public FM radio station occasionally.

ELECTIONS: TOO CLOSE TO CALL

19. (SBU) The 76 seats in Mongolia's Parliament will be contested on June 29, and the three seats representing Khentii will be no exception. Although Khentii's Governor, Jargal, is a DP member, all three of the province's Members of Parliament (MP) are from the MPRP. (Note: Jargal and many other DP members accuse the MPRP of having committed election fraud in the 2004 Parliamentary elections.

MPRP officials, for their part, accuse the DP of plotting to "buy" the upcoming elections, saying local big businessmen affiliated with the DP might pass out gifts just before the elections. End Note.)

Local DP and MPRP reps agree that either of the two parties could win the Parliamentary elections in Khentii, despite the fact that one of the incumbent MPs, Khurelsukh, has been convicted of corruption. (The conviction is under appeal.) Provincial assembly Chairman Bayart-Od, of the DP, acknowledged that the DP has a perception problem of sorts because some of the DP candidates who will seek to represent Khentii are resident in Ulaanbaatar. Jargal, also of the DP, calls the MPRP "communists" and "mobsters," and openly accuses the MPRP of trying to spend its way to victory. "I predict that the MPRP will again get a lot of money from the Russians and the Chinese Communist Party," he said, adding that the MPRP-led central government was spending large amounts of money to buy gers (traditional Mongolian homes) to win the allegiance of prospective voters. Former Gov. Erdenebaatar, of the MPRP, said that although "it's hard to predict who will win, I'm an optimist, and I think the MPRP will prevail... The people believe in us, and the current Prime Minister (Bayar) is from the MPRP."

GOLDBECK